

Meeting of the
WORKFORCE DEVELOPMENT COUNCIL
Thursday, November 13, 2008, 9:00 a.m.
Hawaii State Capitol Auditorium
Honolulu, Hawaii

Members Present

Todd Apo, Sandy Baz, Darwin Ching, Jonathan Chun, Allen Chung, Raynard Shayne Chung, Jill Cooper, Will Espero, Randall Francisco, Michael Gleason, Signe Godfrey, Lili Hallett, Kevin Kimizuka (for Mayor Charmaine Tavares), Carla Kurokawa, Corianne Lau, Steven Lee, Deborah Kim Morikawa, Henry Oliva, Michael Rota, Norman Sakamoto, Marcia Taira, Lance Wilhelm, Gregg Yamanaka, Ryan Yamane

Other Attendees

Wayne Aguiran (Maui County OED), Vaughn Baker (UH), Paul Brewbaker (Bank of Hawaii), Francisco Corpuz (R&S), Rolanse Crisafulli (Oahu Work Links Consortium), James Hardway (WDC), Dayna Honaker (Maui County OED), Pearl Iboshi (DBEDT), Karla Jones (CTE), Carol Kanayama (WDD), Ryan Markham (DO), Marilyn Matsunaga (OWIB), Norma McDonald (WDD), Jan Miyamoto (Kauai County OED), Cynthia Nakamura (WDD), Kathleen Nielsen (Hawaii County OHCD), Anna Powell (WDC), Alfred Valles (USBAT), Carolyn Weygan-Hildebrand (WDC), Josh Wisch (Office of Congresswoman Mazie Hirono), Audrey Yasutake (WDC), Elaine Young (WDD)

Call to Order

Chair Gregg Yamanaka called the meeting to order at 9:15 a.m.

Introduction of New Members

Chair Yamanaka introduced and welcomed Council members Allen Chung, President of C Three Consulting; Lili Hallett, Director of Human Resources at Outtrigger Enterprises; and Marcia Taira, Director of Human Resources at Oceanic Time Warner Cable. Mr. Chung and Ms. Taira will also represent WDC on the Career and Technical Education Coordinating Advisory Council.

WDC Committees

Chair Yamanaka said the 2009 committees and chairs will be finalized at a special meeting in January. Committees are expected to undertake more of the actual groundwork for the Council to allow more meaningful avenues of discussion at the quarterly meetings.

Public Input on Agenda Items

There was no public input.

Approval of the August 28, 2008 Minutes

A motion was made and seconded and the minutes were approved.

Economic Conditions in Hawaii

Pearl Iboshi gave a powerpoint presentation on the “Current Hawaii Economic Conditions.” The labor market is weakening but remains among the lowest unemployment rate in the nation at 3.7% year-to-date. Personal income growth is positive, growing at national levels. Economic growth rates have been higher than the nation since 2003 but ranked 9th in 2007, dropping to 3% from the 5% inflation adjusted rate. Employment growth was at 2% for the past several years, slow to zero in 2007, and .7% year-to-date. Job growth slowed after a rapid growth—2-3% for four years, 1% in 2007, and .4% year-to-date. Natural resources, mining, and construction had the largest job growth in 2003-2007, with construction driving the economy and jobs for the past several years. Year-to-date growth is in government. Consumer inflation rate is driven by housing and fluctuates with the nation. Construction and housing building permits remain high but do not include the 17,000 military units being refurbished over the next 10 years because they are not in the tax base. Oahu construction jobs match the state as a whole, Hawaii and Maui Counties show a sharp downturn, and Kauai is maintaining. Visitor industry growth was driven by domestic travel in recent years but dropped significantly after Aloha and ATA Airlines closed. International travel decreased dramatically for several years and stabilized in the last few years, largely due to Canada and Japan. Increased travel is expected from Korea and China due to recent changes in federal rules that govern their travel. Visitor spending is holding its own but not keeping up with inflation. Hotel room rates have increased rapidly in the last few years, but occupancy rates continue to decline. Honolulu has been doing well in visitor arrival rates because of the international visitors, but the neighbor islands are dependent on domestic arrivals. Overall expectation is for very modest growth over the next couple of years.

Paul Brewbaker highlighted his powerpoint presentation on “Hawaii Economic Trends.” The forecast for total visitor arrivals is -10.6% and will be 10% lower by mid-2009 than it was two years ago. Although tourism was a major industry in the 1980s-1990s and the economy grew by 30-40%, hotel construction will no longer be allowed, so the industry will not grow interiorly and be dominant as in the past. From a workforce development standpoint, the focus will shift to other areas of economic activity. Average job growth rate for a decade was 2.5-3%, but there is a problem of not producing enough real income over time. Construction was very good in 2007, but some compression is forecasted. Military housing does not appear in the tax base but creates employment. Nonresidential housing is at risk because of the credit crunch. Housing prices held up fairly well on Oahu, but Maui and the neighbor islands, in general, declined. Stock market valuation declined 20% in October 2007 to mid-September 2008 and declined another 20% since then. Strategically, the issue remains, “how do we point our workforce in the right direction.” Tourism is not that direction. The Governor has articulated “knowledge capital formation” as her mantra. In a global economy, you do not have the freedom to pick your favorites; you must choose from among what you have. Michael Rota asked about the hotel room and condominium conversion to time share a decade ago. Mr. Brewbaker said it is in the inventory count and tends to be more stable as it securitizes a hotel room, is employer resilient, and is where new capital is being invested. Dr. Iboshi added that time share and condominium visitors spend differently than hotel visitors but are a stabilizing force. With the change in how time share is now being sold and rooms can be traded, 30% of the people are trading rather than coming and that is a different market. Mr. Brewbaker said the employee per room ratio is lower today and shifts from making beds to improving people through the system. As tourism evolves in China and the renaissance of Korea unfolds, another shift in skill sets will be required.

Chair Yamanaka said WDC has focused its strategy for training and training funds on STEM-related positions and positions that pay a higher than living wage, which takes away from the visitor industry, and the industry has severely criticized us. Mr. Rota pointed out that the NGA

study shows us on the right track. Mr. Brewbaker said it was a political decision 20-30 years ago to not grow the industry. It is not a growth sector and is not set up to be a growth sector. Other than dealing with structural changes, WDC should focus on where the economy is likely to grow. Darwin Ching asked where if not in tourism. Mr. Brewbaker said tourism is the most obvious, but we have to build more rooms and do it virtually. The state is not reaching its potential as a regional economy, and the outcome is that local people end up not living here. Lili Hallett agreed that there is opportunity for tourism. Mr. Brewbaker said the only short-term answer is to build around the rail's train station, which becomes the attracter for economic development. Early childhood is also very compelling and something to think about. Chair Yamanaka said NGA's 2009 initiative will focus on infrastructure and may be an area to consider.

He acknowledged Josh Wisch of Congresswoman Mazie Hirono's Office, who is interested in WDC's recommendations because Congresswoman Hirono is on the Labor and Education, Transportation and Infrastructure, and Small Business Committees, and will have an impact on funding in these areas.

Maui County Reed Act Plan for 2008-2009

Kevin Kimizuka mentioned that the Reed Act Plan has been approved by Maui County WIB. Employer Outreach includes working with businesses and job seekers to provide services that were or are being lessened due to program funding deficiencies, and promoting employment opportunities on Maui for Molokai and Lanai through a transportation subsidy with the ferry system. Labor Pool Expansion includes providing career exploration services for youth on Molokai and Lanai, developing a Career Center for youth at Maui Community College, and pursuing ex-offender reintegration through the BEST (Being Empowered and Safe Together) Reintegration Program. Capacity Building includes partnering with the counties to bring in trainers to train WIB members and staff. Technology and Equipment includes maintenance of the HireNet Hawaii system and computer equipment for the adult, dislocated worker, and youth programs. Administrative Costs are DLIR and Maui County costs. Chair Yamanaka felt that the outcomes are not measurable enough for funding accountability and oversight. Elaine Young said the Legislature allocated the money last year, and WDC must approve the plan so that the Governor can release the money. Sandy Baz said Maui County wanted the plan approved today so it could move forward in a timely manner when the funds become available in January. It could assure the contracts contain measurable outcomes and forward them to WDC. Signe Godfrey felt that allowing this would mean we are still accepting less than what we want. It is better to have some numbers than no numbers for future measurement. James Hardway suggested approving the plan subject to developing the outcomes. Mr. Baz said most programs have outcomes built in and could be translated into the plan. Jonathan Chun did not think the plan needed measurable outcomes because WDD will review the contracts and could assure there are measurable outcomes before releasing the funds. Chair Yamanaka said it would not be consistent with what we have required before and the statute specifically says WDC must provide oversight. Mr. Ching would like to inform the Governor by January that WDC reviewed and approved the plan. Chair Yamanaka said WDC is comfortable with the plan in concept but will require measurable outcomes before approval at the January meeting.

Mr. Chun said Kauai WIB is requesting the Legislature to provide an additional \$980,000 in Reed Act funds to focus on Employer Outreach and Labor Pool Expansion and would like WDC's support on the legislation. Employer Outreach will add value to employers in the areas of asset mapping, talent pipelines, and workforce intelligence. Employers need to understand what is happening in the workforce, e.g., where the workers are coming from, what training resources are available in the community, and what kinds of information are available to determine their

present and future employment needs. The website needs to be enhanced to better connect technologically with college-bound students and graduates who communicate via Facebook. An information clearinghouse is needed to link community groups with employers. Labor Pool Expansion includes outreach job fairs to target underserved communities and populations, manuals and orientation to enable partners to organize and sponsor their own job fairs, and programs for youth ages 14-21 and incarcerated adults. Will Espero asked and Jan Miyamoto said the unemployment rate on Kauai is 4.9%. Mr. Chun added that it does not take into account employees whose hours have been reduced. Marcia Taira wanted to know where the targets are, e.g., what industry, how many are expected to be hired, etc., as employers are willing to partner and invest in their interests. Mr. Chun said Reed Act funds are very limited in scope and usage of funds. Chair Yamanaka said workforce development has been needs-driven and serving the unemployed; it now has to be demand-driven and serving the employer. Mr. Ching will abstain from voting on any recommendations or approval to expend money without the Governor's approval.

A motion was made and seconded to support Kauai WIB in its request to the Legislature for additional Reed Act funds. Motion carried. Darwin Ching abstained.

Hawaii Comprehensive Workforce Development Plan

Chair Yamanaka thanked Mr. Rota for serving as Planning Committee Chair for the Hawaii Comprehensive Workforce Development Plan. Mr. Rota mentioned that the powerpoint is the draft of the plan the committee worked on and provided the shape, scope, and recommendations. Mr. Hardway said WDC is tasked with doing 1) a comprehensive strategic plan for workforce development for the state for all federal and state funds used in job training, and 2) a strategic plan for WIA. The plan's outline and WDC's mandated tasks are inserted after the powerpoint handout. The committee wanted to give greater value and relevance to Council members. The plan is intended to be used not only for WIA, but to revisit the idea of establishing statewide measurable outcomes based on the plan's ability to project job needs. Recommendations on the effectiveness of job training programs will require WDC to develop a metrics for grading. He highlighted the powerpoint presentation on the plan's role, mission, vision, planning context, assessment, goals and priorities. The January meeting will produce the recommendations to the Governor and Legislature and provide an opportunity to advise them on legislation and policy shifts for statewide workforce development. The first two years of the planning process will concentrate on getting Council members up to speed on the funding streams coming through the state and how programs are administered, so they can better assess programs and make recommendations on affected programs. Mr. Ching mentioned that 28% of non-managerial and 60% of managerial employees in state government will be eligible to retire by June 30, 2012 as stated in the August 28 meeting materials (section C, pages 12 and 16). Mr. Hardway said the goals of the plan are to improve the delivery of timely education and training to prepare current and future workers in required and projected demand occupations, focus more attention on upgrading the skills of incumbent workers, expand the labor pool in the face of a long-term labor shortage, and address workforce housing. The January meeting should determine how our recommendations will meet those goals. Chair Yamanaka asked how are the statistics for high demand versus ideal demand distinguished if high demand may be low skilled and should not be targeted. Mr. Rota said the plan details the various levels of education needed for entry into jobs. Chair Yamanaka recommended that Council members take the powerpoint handout because it will be reviewed and discussed in depth at the January meeting.

New Business and Announcements

Chair Yamanaka congratulated DBEDT on NGA's announcement that Hawaii is one of seven states selected to receive an energy policy initiative.

Chair Yamanaka announced that Ms. Godfrey has consented to be the Vice Chair of the WDC. He congratulated Mr. Hardway on an outstanding job thus far; he also intends to provide webcast capability in the WDC office to enable more neighbor island participation in meetings and to pursue new initiatives and funding streams. He congratulated Carolyn Weygan-Hildebrand on her promotion.

Mr. Hardway mentioned that the January 12 special meeting will be all day.

Adjournment

The meeting was adjourned at 11:15 a.m.